



# ENERGY ASSURANCE DAILY

Tuesday Evening, January 6, 2009

## **Electricity**

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### **Update: Ice Cuts Power to 48,000 Oncor Customers in Texas January 5**

Ice-laden tree limbs made contact with power lines, cutting electricity to 48,000 Oncor customers in Texas January 5, a spokeswoman said. Some 8,000 remained in the dark as of this morning.

<http://www.star-telegram.com/traffic/story/1124992.html>

### **Update: After Coal Ash Spill, TVA to Begin Replacing Damaged Rail Tracks at 1,456 MW Kingston Coal-fired Power Plant in Tennessee**

The Tennessee Valley Authority (TVA) has removed all rails and ties at its Kingston coal-fired power plant in Tennessee, and expects to begin installing new tracks this week, it said. The plant has been unable to receive new coal shipments since December 22, when a massive ash spill blocked roadways, rail lines, and destroyed nearby homes. The new tracks will enable the plant to accept deliveries. Seven of Kingston's nine coal-fired units remain down, a source confirmed, as TVA seeks to preserve the facility's on-site coal supplies. The company also cited lower electricity demand in its decision to keep the units offline. Separately, a U.S. Senate panel asked TVA's Chief Executive Officer to testify on January 8 as to whether TVA might require more regulatory oversight.

<http://www.tva.gov/>

Reuters, 16:21 January 5, 2009

Bloomberg News, 11:09 January 6, 2009

### **Update: Explosion Could Postpone Start Date for SRP's Planned 400 MW Springerville Coal-fired Unit 4 in Arizona**

Salt River Project's (SRP) planned 400 MW Springerville coal-fired unit 4 in Arizona might not open on schedule, the company indicated, after a December 31 transformer explosion caused significant damage. The unit had been slated for a September 2009 start date, and a company official said that was still a possibility. If not, SRP said it would purchase power supplies elsewhere. The incident occurred as workers performed tests to a new unit at the facility; an electrical arc caused a transformer to explode. No one was injured.

<http://www.azcentral.com/business/articles/2009/01/05/20090105biz-srp0106.html>

### **Dynegy's 335 MW El Segundo Gas-fired Unit 4 in California Reduced by January 5**

According to the California Independent System Operator, the unit experienced an unplanned curtailment of 295 MW on January 5.

<http://www.caiso.com/unitstatus/data/unitstatus200901051515.html>

### **San Francisco's 246 MW Hetch Hetchy Hydroelectric Unit in California Shut January 5**

Reuters, 9:27 January 6, 2009

### **Update: Xcel's 578 MW Monticello Nuke Unit in Minnesota Ramped Up to 92 Percent by January 6**

Xcel Energy curtailed the unit to 40 percent power by January 2 to carry out work on a feed water pump, a source said. The Nuclear Regulatory Commission reported that on the morning of January 4 the unit was operating at 40 percent.

Bloomberg News, 07:00 January 6, 2009

Information also derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2009/>

## **San Miguel Electric Cooperative Restarts 400 MW Christine Coal-fired Power Plant in Texas January 4**

The company shut the unit to fix a secondary heater, it said in a filing with state regulators. The restart resulted in flaring.

Bloomberg News, 16:29 January 5, 2009

## **OPG's 490 MW Nanticoke Coal-fired Unit 1 in Ontario Shut by January 5**

The unit went offline on a "forced outage," but should be back online within a few days, a spokesman said.

Bloomberg News, 16:45 January 5, 2009

Reuters, 9:03 January 6, 2009

## **OPG's 494 MW Lambton Coal-fired Unit 2 in Ontario Shut January 6**

Reuters, 9:03 January 6, 2009

## **Enmax's 250 MW Calgary Gas-fired Unit in Alberta Shut January 5**

Reuters, 9:03 January 6, 2009

## **Update: TransAlta Restarts 383 MW Keephills Coal-fired Unit 1 in Alberta January 5**

The unit went offline on January 3.

Bloomberg News, 13:04 January 5, 2009

## ***Petroleum***

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### **High Winds Preclude Tanker Loadings, Curtailing About 1.38 Million Barrels of Alaskan Oil Production over Nine Days**

Winds continued to impede tanker loadings at the Port of Valdez in Alaska on January 5, Alyeska Pipeline Services confirmed, as throughput along its 800-mile Trans-Alaska crude-oil pipeline remained curtailed. Alyeska has been using only one of two loading berths at Valdez since December 29. Since that date, Alaskan producers have cut oil output by about 1.38 million barrels, cumulatively.

Reuters, 18:29 January 5, 2009

Bloomberg News, 08:57 January 6, 2009

### **State Officials, Flint Hills Resources Work to Avoid Shutdown of 210,000 b/d North Pole, Alaska Refinery**

Flint Hills Resources' 210,000 b/d North Pole, Alaska refinery is struggling financially, the company has said, and state officials worry that its possible shutdown could hold negative, statewide economic impacts. Flint Hills' parent company, Koch Industries, canceled previous upgrade plans and put the refinery up for sale. It said it might also convert the facility into a receiving station. Under that scenario, it would distribute, but not produce fuels. Alaskan officials are working with the company to avoid any disruption, and at least one source said the state would consider buying the facility.

[http://www.downstreamtoday.com/News/Articles/200901/Alaska\\_Refinery\\_s\\_Struggles\\_Cause\\_for\\_Co\\_14498.aspx](http://www.downstreamtoday.com/News/Articles/200901/Alaska_Refinery_s_Struggles_Cause_for_Co_14498.aspx)

Bloomberg News, 17:16 January 5, 2009

### **Update: Valero Restarts 100,000 b/d FCC at 190,000 b/d St. Charles Louisiana Refinery January 6**

The company shut the gasoline-making fluid catalytic cracking unit (FCC) for work in December, and later extended the outage citing low demand and gasoline margins.

DJN, 10:33 January 6, 2009

### **Update: OPEC Oil Supplies Dip for Fourth Straight Month in December 2008 Quota-Bound Nations Producing Close to Target—Reuters Survey**

OPEC's 11 quota-bound nations produced 27.36 million b/d in December, compared to a monthly target of 27.3 million b/d, a Reuters survey indicated. The nations supplied 27.62 million b/d in November.

Reuters, 09:56 January 6, 2009

## **Update: Pemex Awards Construction Contracts for Chicontepec Oil Project as Mexico Seeks to Increase Lagging Crude Production**

Pemex plans to develop 29 oil fields at its Chicontepec oil project over the next 15 years, even as analysts question the state-run company's ability to profitably generate significant quantities of oil. In 2002, Pemex expected Chicontepec to produce 1 million b/d by 2010. Drilling results, however, have dimmed those projections. Reuters, 15:21 January 5, 2009

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## **Natural Gas**

### **EnCana Corp Plans 400 MMcf/d Natural Gas Processing Plant in British Columbia, Canada**

EnCana Corp filed plans with the provincial government to build a 400 MMcf/d natural gas processing plant in British Columbia, Canada. The facility would process Horn River Basin natural gas. Depending on gas supplies, construction could encompass as many as six phases. The company hopes to break ground in March 2010, and open the project's first phase by 2011.

[http://www.energeticcity.ca/files/1229460916667\\_a12c7f4fc5f5bd9a9109f8db7b54f07c281379a1ea726d52d3cc8a5334296978.pdf](http://www.energeticcity.ca/files/1229460916667_a12c7f4fc5f5bd9a9109f8db7b54f07c281379a1ea726d52d3cc8a5334296978.pdf)

[http://www.yourindustrynews.com/multibillion-dollar+gas+plant+planned+in+british+columbia\\_20148.html](http://www.yourindustrynews.com/multibillion-dollar+gas+plant+planned+in+british+columbia_20148.html)

<http://www.energeticcity.ca/news/01/03/09/plans-move-ahead-a-huge-encana-gas-plant-north-fort-nelson>

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## **Other News**

### **White Energy Coal North America Plans 1 Million Ton/Year Clean Coal Facility in Powder River Basin, Wyoming**

The facility would upgrade coal from the Buckskin Mine in Wyoming, and produce 1.1 million tons/year of coal briquettes, or about 22.6 trillion Btus of energy/year. The company plans to begin production in the spring of 2010.

<http://www.gillette-newsrecord.com/articles/2009/01/05/news/brief/news48.txt>

### **Blue River Ethanol Abandons Plans for Ethanol Plant in Indiana**

Blue River Ethanol canceled plans to build an ethanol plant in Henry County, Indiana, almost two years after residents filed suit to avoid its construction. As part of the decision, the locals agreed to drop the lawsuit.

<http://www.thestarpress.com/article/20090106/BUSINESS/901060320>

### **Western Canadian Coal Plans to Reduce Operations at Two Coal-Producing Facilities in British Columbia, Canada**

Citing market conditions and higher inventory levels, Western Canadian Coal said it planned to slow run rates at its Brule mine and Wolverine operation in British Columbia, Canada. The company will reduce Brule's run rate from 1.3 million tonnes/year to 750,000 tonnes/year, effective at the end of this month. It might also curtail operations at its Wolverine operation, beginning May 18, 2009. That facility is currently operating at an annual run rate of 1.6 million tonnes. The company attributed the reductions to rising inventory levels; it said some customers had deferred shipments through the next few months. The facilities will operate at reduced rates until economic conditions improve, it said in a release.

[http://www.westerncoal.com/\\_pdf/09-02.pdf](http://www.westerncoal.com/_pdf/09-02.pdf)

## Energy Prices

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<b>U.S. Oil and Gas Prices</b>			
January 6, 2009			
	<b>Today</b>	<b>Week Ago</b>	<b>Year Ago</b>
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	49.07	38.95	97.77
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	5.83	5.81	7.51

Source: Reuters

## Energy Notes

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### **TransAlta Opens 96 MW Kent Hills Wind Farm in Alberta December 31**

<http://www.transalta.com/transalta/webcms.nsf/AllDoc/9E6213D5186D04CD872575350076866D?OpenDocument>

### **Small Naphtha Leak at BP's 467,720 b/d Texas City, Texas Refinery—January 6 News**

Bloomberg News, 09:54 January 6, 2009

### **Kuwait to Reduce Oil Supply by 10 Percent to U.S. and Europe, Beginning January 22— Move Coincides With OPEC Quota Cuts**

Reuters, 10:16 January 6, 2009

### **Train Derailment Spills 23,000 Gallons of Petroleum in Florida January 4**

<http://www.pnj.com/article/20090104/NEWS01/901040327>

### **Helicopter Crashes En Route to Shell Platform in Gulf of Mexico January 4—Eight Passengers Killed**

[http://www.rigzone.com/news/article.asp?a\\_id=71277](http://www.rigzone.com/news/article.asp?a_id=71277)

### **Update: Explosion Forces Shut EnCana Natural Gas Facility in British Columbia, Canada**

<http://www.latimes.com/news/nationworld/world/wire/sns-ap-canada-pipeline-bombings.1.3903802.story>

### **Tube Leak at Midkiff Gas Plant in Texas January 6**

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=118385>

### **Update: Dominion Opens Cove Point LNG Terminal Expansion in Maryland January 1**

<http://intelligencepress.com/>

### **Update: Maritimes & Northeast Pipeline Seeks FERC Okay for January 15 Start Date along Phase IV Expansion of Natural Gas Pipeline in New Brunswick, Canada**

<http://intelligencepress.com/>

### **Russia's Gazprom Slashes Natural Gas Supplies through Ukraine, as Sides Trade Blame for Dispute—Ukraine's Naftogaz Says Deliveries Slow to 2.6 Bcf/d, from Normal 10.6 Bcf/d—EU Nations Fear Shortages as Nine Countries Report Supply Impacts**

Bloomberg News, 12:06 January 6, 2009

<http://online.wsj.com/article/SB123117192308354051.html>

**Pemex Halts Leaking Cacalilao-Madero Oil Pipeline in Veracruz, Mexico—Line Delivers Crude to Madero Refinery, but Company Says no Impact to Production**

<http://www.petroleumworld.com/story09010619.htm>

**Eleven Northeast and Mid-Atlantic States Agree to Initiate Low Carbon Fuel Standard**

[http://news.bostonherald.com/business/general/view/2009\\_01\\_05\\_Mass\\_10\\_states\\_agree\\_to\\_low\\_carbon\\_standard/srvc=home&position=recent](http://news.bostonherald.com/business/general/view/2009_01_05_Mass_10_states_agree_to_low_carbon_standard/srvc=home&position=recent)

**Williams Shuts 5 MMcf/d Segment along Transco Southeast Louisiana Lateral Natural Gas Pipeline after Ship Drops Anchor on Line**

Bloomberg News, 14:40 January 5, 2009

**DCP Midstream Partners Completes Phase Two of System Enhancement Project along 20-25 MMcf/d Douglas Natural Gas Pipeline System in Wyoming**

<http://www.snl.com/irweblinkx/file.aspx?IID=4105307&FID=7174385>

**Update: Shipments through Suez Canal Dip as Much as 50 Percent in December 2008 on Piracy and Economic Concerns**

<http://www.platts.com/Oil/News/8268977.xml?p=Oil/News&sub=Oil>

**Fog Shuts Ship Channel Segments at Beaumont, Port Arthur, Galveston and Texas City, Texas and at Lake Charles, Louisiana January 5—Port of Houston Shuts to Outbound Traffic**

Reuters, 17:58 January 5, 2009

Reuters, 17:47 January 5, 2009

Reuters, 17:39 January 5, 2009

Reuters, 16:37 January 5, 2009

**Citgo Suspends Heating Oil Program for Low-Income U.S. Families on Lowered Oil Prices and Economic Conditions—Program had Provided Oil to 200,000 Households across 23 States**

[http://www.boston.com/business/articles/2009/01/05/citgo\\_suspends\\_low\\_income\\_heating\\_oil\\_program/](http://www.boston.com/business/articles/2009/01/05/citgo_suspends_low_income_heating_oil_program/)

## **Links**

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***This Week in Petroleum*** from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

***Weekly Petroleum Status Report*** from EIA

[http://www.eia.doe.gov/oil\\_gas/petroleum/data\\_publications/weekly\\_petroleum\\_status\\_report/wpsr.html](http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html)

Updated after 10:30 AM & 1:00 PM EST every Wednesday.

***Natural Gas Weekly Update*** from EIA

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM EST every Thursday.

## ENERGY ASSURANCE DAILY

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<http://www.oe.netl.doe.gov/ead.aspx>

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